

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 FEA-01 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01

INR-05 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 IO-10

NEA-06 OPIC-03 LAB-04 SIL-01 SSO-00 NSCE-00 INRE-00

/110 W

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O P 211627Z DEC 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 4869

INFO AMEMBASSY ANKARA PRIORITY

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 30755

E.O. 11652: GDS

TAGS: ENRG, OECD

SUBJECT: IEA GOVERNING BOARD MEETING DEC 18-19:

PRODUCER/CONSUMER RELATIONS

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1. TRANSMITTED IN PARA 3 BELOW IS THE SECRETARIAT'S SUMMARY PAPER OF CONCLUSIONS REACHED BY THE GOVERNING BOARD ON THE PRODUCER/CONSUMER ISSUE.

2. WE NOTE TWO SIGNIFICANT OMISSIONS FROM THE SECRETARIAT'S DRAFT AS COMPARED TO THE DRAFT LEFT MISSION BY USDEL. TWO POINTS ARE: (A) DELETION OF PARA 4D IN USDEL DRAFT WHICH STATED THAT "SPC WOULD DEVELOP PROPOSALS ON PROCEDURAL ISSUES AND AGENDA FOR THE PRODUCER-CONSUMER DIALOGUE, DRAWING AS APPROPRIATE ON WORK DEVELOPED UNDER (A) THROUGH (C) AND OTHER WORK CARRIED ON OUTSIDE IEA". AND (B) DELETION OF PARA 6 OF USDEL DRAFT STATING THAT "CHAIRMAN DAVIGNON, WITH HELP FROM DELEGATES AS NEEDED, WILL DEVELOP A REPORT ON OVERALL CONCEPTS AND PROPOSALS FOR PRODUCER-CONSUMER DIALOGUE, DRAWING ON REPORTS OF STANDING GROUPS AND RESULTS OF G-10 FINANCIAL WORKING GROUP." WE ARE ENDEAVORING TO REACH SECRETARIAT OVER WEEKEND (SO FAR WITHOUT SUCCESS) FOR EXPLANATION AND, IF POSSIBLE, CORRECTION OF THESE POINTS BEFORE GENERAL DISTRIBUTION OF DOCUMENT ON MONDAY, DEC. 23. DEPARTMENT MAY WISH TO CONTACT DAVIGNON DIRECTLY, OR THROUGH EMBASSY BRUSSELS, TO ENSURE THAT THERE IS NO MISUNDERSTANDING ON HIS PART RE THESE POINTS.

3. "THE GOVERNING BOARD:

(A) AGREED THAT THE STANDING GROUP ON RELATIONS WITH PRODUCER AND OTHER CONSUMER COUNTRIES SHOULD MEET ON 15TH, 16TH AND 17TH, JANUARY 1975; THAT THE UNITED STATES DELEGATION WOULD PRODUCE A PAPER ON PRODUCER COUNTRY INVESTMENTS AS EARLY IN ADVANCE OF THE MEETING AS PRACTICABLE, AND DELEGATIONS WOULD BE PREPARED TO DISCUSS THIS TOPIC AT THE MEETING. THE STANDING GROUP ON LONG TERM CO-OPERATION WOULD CONSIDER THE REDUCED DEPENDENCE ON IMPORTED OIL AND THE STANDING GROUP ON OIL MARKETS WOULD ANALYSE THE OIL PRICE SITUATION AMONG THE TOPICS TO BE CONSIDERED AT THEIR NEXT MEETINGS, AND WILL REPORT THEREON TO THE NEXT MEETING OF THE BOARD IN ORDER TO ASSIST THE BOARD IN PREPARING ITS WORK ON RELATIONS WITH PRODUCER COUNTRIES.

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(B) AGREED THAT THE WORK OF THE AGENCY MUST TAKE ACCOUNT OF THE IMPACT OF THE ENERGY CRISIS ON THE WORLD ECONOMIC AND FINANCIAL SYSTEM.

(C) AGREED THAT THESE QUESTIONS SHOULD BE CONSIDERED AT THE NEXT MEETING OF THE GOVERNING BOARD WHEN NATIONAL DELEGATIONS SHOULD INCLUDE REPRESENTATIVES OF FINANCE MINISTRIES.

(D) AGREED THAT THE PRIORITY TASK OF THE AGENCY SHOULD BE TO DEFINE A COMMON POSITION ON THE CRUCIAL ISSUES WHICH WOULD FALL TO BE CONSIDERED IN A DIALOGUE WITH PRODUCERS; THE TOPICS WHICH WERE MENTIONED AND COULD BE INCLUDED ARE:

(1) THE GENERAL CONCEPT OF THE DIALOGUE, STRATEGY AND THE DEVELOPMENT OF APPROPRIATE CONCRETE TOPICS OF DISCUSSION;

(2) THE PRICE OF OIL AND SECURITY OF SUPPLY; THE VOLUME OF PRODUCERS' MONEY REQUIRING TO BE PLACED; THE DIFFICULTY OF MATCHING IT TO THE NEEDS OF THE CONSUMING COUNTRIES, INDUSTRIALISED AND DEVELOPING ALIKE;

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AMEMBASSY VIENNA  
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C O N F I D E N T I A L SECTION 02 OF 02 OECD PARIS 30755

(3) THE INVESTMENT PROBLEMS OF PRODUCERS IN THE  
DEVELOPMENT OF THEIR OWN ECONOMIES; IN THE DEVELOPMENT  
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OF NON-OIL PRODUCING DEVELOPING COUNTRIES; AND IN  
PLACING THE BALANCE OF THEIR FUNDS SAFELY AND PROFITABLY  
ELSEWHERE.

(E) RECOGNISES THE USEFULNESS OF TECHNICAL CONTACTS WITH  
THE OPEC SECRETARIAT AT THE DISCRETION OF THE EXECUTIVE  
DIRECTOR; THE BOARD, HOWEVER, SAW NO NEED TO TAKE A  
SPECIFIC INITIATIVE IN THIS DIRECTION AT ITS PRESENT  
MEETING; THE SECRETARIAT WILL REQUIRE POLITICAL GUIDANCE.

(F) REFERRED THE QUESTION OF SUCH CONTACTS TO THE  
STANDING GROUP FOR CONSIDERATION OF THE BRIEF TO WHICH  
THE SECRETARIAT SHOULD SPEAK IN ANY SUCH CONTACTS AND  
AGREED ITSELF TO CONSIDER THE QUESTION AGAIN AT ITS NEXT  
MEETING WHEN IT HAS HAD AN OPPORTUNITY TO REVIEW THE  
OUTCOME OF THE OPEC SUMMIT MEETING IN ALGIERS.

(G) RECOGNISED THAT THE STANDING GROUP WAS THE NATURAL  
FORUM FOR THE EXCHANGE OF INFORMATION OF BILATERAL  
CONTACTS WITH THE OIL PRODUCERS FOR WHICH PROVISION  
WAS MADE IN THE AGREEMENT; THIS ITEM SHOULD BE INCLUDED  
IN THE AGENDA OF THE STANDING GROUP AS A MATTER OF  
ROUTINE.

(H) AGREED, THE REGARDING TIMING OF THE MULTILATERAL  
PRODUCER-CONSUMER DIALOGUE, TO A PROCEDURE OF FOUR  
INTER-RELATED SEQUENTIAL STAGES:

(1) ESTABLISHMENT OF CONCERTED PROGRAMMES AMONG  
CONSUMERS IN THE FIELDS OF CONSERVATION, THE ACCELERATED  
DEVELOPMENT OF NEW ENERGY SUPPLIES, AND FINANCIAL

SOLIDARITY;

(2) THE CONVENING OF A PREPARATORY MEETING WITH PRODUCERS WITH A TARGET DATE, BASED ON SATISFACTORY PROGRESS IN EACH OF THE AREAS UNDER (1), OF MARCH 1975, TO DEVELOP THE AGENDA AND PROCEDURES FOR CONSUMER-PRODUCER DIALOGUE;

(3) THE APPROPRIATE PREPARATION OF COMMON CONSUMER POSITIONS TO THE AGENDA ITEMS TO BE AGREED UNDER (2)  
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(4) THE HOLDING OF A CONSUMER-PRODUCER DIALOGUE

(I) AGREED THAT THE CHAIRMAN SHALL MAKE CONTACT WITH THE FRENCH AUTHORITIES IN ORDER TO DEVELOP APPROPRIATE MEANS FOR COORDINATION OF THE WORK OF THE IEA IN THIS FIELD WITH FRANCE, IN SUCH A WAY AS WOULD AVOID DUPLICATION OF WORK."  
TURNER

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## Message Attributes

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